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TESTIMONY OF  
  
THE CONNECTICUT MESSENGER COURIER ASSOCIATION  
THE CONNECTICUT COALITION OF PROPERTY OWNERS  
THE GREATER DANBURY CHAMBER OF COMMERCE  
THE MILFORD CHAMBER OF COMMERCE  
THE NORTHWEST CONNECTICUT CHAMBER OF COMMERCE

BEFORE THE LEGISLATURE'S  
PLANNING & DEVELOPMENT COMMITTEE  
11:00 AM, WEDNESDAY, FEBRUARY 18, 2009  
ROOM 2A, LEGISLATIVE OFFICE BUILDING  
HARTFORD, CONNECTICUT

Good morning. My name is Marshall R. Collins. I am appearing in my capacity as Counsel for Government Relations for the aforementioned five organizations (the "Organizations"). Collectively they represent nearly than 4,000 employers of approximately 130,000 men and women in Connecticut.

The subject matter before you today is the abandonment of a uniform mill rate for all properties in a municipality. Property tax classification is not a new concept. Municipalities have long sought to tax certain properties at higher rates to protect preferred classes of taxpayers. Prudently, for nearly 30 years, property tax classification schemes, and proposals such as are being heard today, have been rejected.

The Organizations collectively oppose the following bills:

**SB 369 AAC A Homestead Exemption For Real Property Taxes.** This proposal would reduce the assessment for single family owner-occupied dwellings. To pay for the revenue reduction, other classes of taxpayers would have their tax bills increased.

**SB 383 AA Exempting Regional Planning Organizations From Payment of Local Property Taxes.** Similarly, by making the regional planning organizations property tax exempt, the revenue decrease would be made up by other taxpayers.

**SB 379 AAC Land Value Taxation** and **SB 392 AA Authorizing Municipalities To Adopt Land Value Taxation** and **SB 376 AA Authorizing Differentiated Mill Rates In Municipalities.** These bills would allow the establishment of a different mill rate for each property class and a higher tax rate for land or land exclusive of buildings. In reality this can function as a disincentive to development. In fact some of the proponents are strong anti-development advocates.

If these bills pass, why would they encourage someone to develop their property if there isn't enough of an economic return from the development project? If the objective is to force a sale from speculators, adding more cost to the project through higher property taxes does not bring the project closer to completion. A sale still would be required and the same economic analysis would have to be made by any prospective or new developer. If a sufficient profit can be made, economic theory and practice demonstrate that the rational economic decision will be made and the property will be developed.

The concept contradicts sound economic theory and practice. Positive economic development rarely occurs during difficult economic times from additional taxation. If implementation of this concept fails to encourage development of such properties, the proposal actually could lead to increased abandonment of undesirable and uneconomic properties.

The following bills all would allow municipalities to levy a local tax on hotels and lodging: **SB 89, and HBs 5287, 5189, 5524 and 5027.** Does anyone think that the lodging industry is booming? Would the additional tax make it easier for hotels and motels to attract customers? Now is not the time to increase the costs for a struggling industry and to further reduce revenues to Connecticut.

**SB 377 AA Local Property Tax Relief.** This would permit municipalities to impose a local sales tax on big box retailers. Inasmuch as this would increase cost to the customers who utilize such stores, it would burden residents who are not necessarily from that community. Furthermore,

the concept of a different mill rate for certain classes of property has proven to be a disincentive to economic development. If the intent is to keep new such operations from locating in cities and towns, they already have the necessary zoning tools. As a revenue raiser, this concept merely adds to the already high cost of living in Connecticut and disproportionately falls on lower income individuals who tend to frequent the big box retailers.

**SBs 385, 393, 397, and HBs 5540 and 5542** allow municipal alternatives to property taxes. The alternatives include taxation of parking spaces, expanded personal property taxes (which targets businesses of all sizes) hotel occupancy, land use taxation, local sales taxes and local income taxes. Once again, higher taxes are not the way to come out of a recession.

Whenever possible, higher costs of doing business (especially taxes) are passed through to consumers, who are also struggling. Where employers cannot pass these costs through their options are to cut expenses, which include payroll and benefits, to reduce operations or close altogether.

This is not the time for Connecticut to increase the costs of living and of doing business. The adverse consequences clearly outweigh any short term benefits.

These concepts all would increase the cost of doing business in Connecticut. Some of the bills would increase those costs more than others. Admittedly, during these difficult times no one wants to increase taxes on individuals, however, it makes no sense to increase costs upon nonresidential taxpayers either, especially when those costs either will be passed through or will result in the loss of jobs. This is not the time to experiment with tax policy.

For these reasons the Organizations oppose the following bills and respectively request that they not be favorably reported:

**SB 369, SB 383, SB 379, SB 392, SB 376, SB 89, HB 5287, HB 5189, HB 5524, HB 5027, SB 377, SB 385, SB 393, SB 397, HB 5540 and HB 5542.**

This completes my testimony. Thank you for your consideration.